

**OPINION  
45-152**

October 30, 1945 (OPINION)

INSURANCE

RE: Catastrophe

This office is in receipt of your letter of October 30, 1945, in which you request our opinion as to the amount of money which may be expended by the State Fire and Tornado Fund of your department for catastrophe insurance. You say that you desire "to know specifically whether the insurance department is limited to the expenditure of \$30,000 in providing this insurance, the said sum having been appropriated by chapter 119 of the 1945 Session Laws, or whether additional money may be spent under the provisions of section 2 of chapter 209 of the 1945 Session Laws."

Section 2 of chapter 209 of the Session Laws of 1945 reads in part as follows:

If the commissioner of insurance should find that insurance companies would not include the state mill and elevator, the twine and cordage plant, or any other extraordinary industrial risks of like nature owned by the State of North Dakota or any of its political subdivisions, he may secure reinsurance on such risks, over one hundred thousand dollars, through separate bids in the manner provided in section 26-2423. The cost of either catastrophe insurance or reinsurance on extraordinary industrial risks shall be collected by the insurance commissioner from the industry or its governing board."

It is our opinion that the appropriation of \$30,000 covered only the expenditure of catastrophe insurance, on ordinary risks in excess of \$100,000, as distinguished from "extraordinary industrial risks." In the case of ordinary risks, the grouping of several properties or individual risks may be found necessary in order to insure in excess of \$100,000. But in the case of the twine and cordage plant, the mill and elevator, and, possibly, the Bank of North Dakota, denominated "industrial risks," it is probably found necessary to insure the same separately and apart from other properties classified as ordinary risks. The cost of catastrophe insurance on such industrial risks must be paid by the industry or its governing board. Consequently, the \$30,000 appropriated under chapter 119 of the 1945 Session Laws, in our opinion, is in addition to the expense of insuring such "industrial risks."

NELS G. JOHNSON

Attorney General